Before the Federal Communications Commission Washington, D.C. 20554

In the Matter of)	
)	
Implementation of the Cable Television)	MB Docket No. 07-29
Consumer Protection and Competition)	
Act of 1992)	
)	
Development of Competition and Diversity)	
in Video Programming Distribution:)	
Section 628(c)(5) of the Communications Act:)	
)	
Sunset of Exclusive Contract Prohibition)	

COMMENTS OF THE COALITION FOR COMPETITIVE ACCESS TO CONTENT (CA2C)

CA2C members represented in these comments include: AT&T Inc., Broadband Service
Providers Association (BSPA), DIRECTV, Inc., Embarq,
Independent Telephone and Telecommunications Alliance (ITTA), Knology,
Media Access Project (MAP), National Hispanic Media Coalition (NHMC),
Organization for the Promotion and Advancement of Small Telecommunications Companies
(OPASTCO), PrairieWave, RCN, SureWest, US Telecom, WOW! Internet, Cable and Phone.

John D. Goodman President Coalition for Competitive Access to Content 1735 New York Avenue, N.W., Suite 700 Washington, D.C. 20006 (612) 839-2329

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SUMMARY

The Coalition for Competitive Access to Content (CA2C) is a diverse group of companies and organizations that includes broadband service providers (BSPs), direct broadcast satellite (DBS) and new telco video competitors, trade associations, and consumer groups that have come to the same conclusion regarding the need to maintain assured access to "must have" content distributed by programmers that are vertically integrated with incumbent cable operators. This access is essential to the development and preservation of competition in the multichannel video programming distribution ("MVPD") market and the further development of broadband networks. Accordingly the members of CA2C all agree that the prohibition on exclusive contracts in Section 628(c)(2)(D) should be extended for at least another five years.

Pronounced barriers to competition in this market persist, and Congress, the FCC and the states have continued to express frustration at the level of competition in MVPD markets and the barriers to entry that stand in the way of improved market performance. Thus, each remain committed to pursuing policies that remove such barriers, thereby fostering increased competition to cable operators. The inability of competitors to distribute "must have" programming controlled by incumbent cable operators remains just such a barrier, and the continuation of the exclusivity ban remains as critical today as it was in 1992 when first enacted, and in 2002 when the Commission extended it for an additional five years.

Congress and the FCC have long recognized the direct linkage between access to programming and additional video competition. The original program access provision, enacted in 1992 and extended in 2002, has been an effective and proven pro-competitive policy that has

been absolutely essential to competitive entry. While vertical integration in the industry may have decreased in absolute terms, incumbent cable operator control over "must have" programming persists. Incumbent cable operators continue to have the incentive and ability to inhibit competitive entry through access-foreclosure strategies. Were competitors denied access to even a portion of the programming controlled by incumbents, their ability to retain subscribers and compete with incumbents would be jeopardized.

For all these reasons, CA2C members all agree that continuation of the exclusivity prohibition is absolutely necessary to preserve and protect competition and urge the Commission to extend the prohibition for at least an additional five years. The current program access complaint procedures should be modified so that program access complaints will be decided within 120 days from the close of the pleadings. The Commission should also revise the discovery rules applicable to program access complaint proceedings.

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(OPASTCO), PrairieWave, RCN, SureWest, US Telecom, WOW! Internet, Cable and Phone.

The Coalition for Competitive Access to Content ("CA2C"), hereby submits these comments in response to the Notice of Proposed Rulemaking of the Federal Communications Commission ("Commission" or "FCC") in the captioned proceeding. In the *Notice*, the Commission seeks comment on whether the prohibition on exclusive contracts between vertically integrated satellite cable programming vendors and cable operators contained in

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¹ Implementation of the Cable Television Consumer Protection and Competition Act of 1992, Development of Competition and Diversity in Video Programming Distribution; Section 628(c)(5) of the Communications Act; Sunset of Exclusive Contract Prohibition, Notice of Proposed Rulemaking, FCC 07-7, MB Docket No. 07-29 (rel. Feb. 20, 2007)("Notice" or "NPRM").

Section 628(c)(2)(D) of the Communications Act of 1934, as amended ("Communications Act"), 2 continues to be necessary to preserve and protect competition in the distribution of video programming, and should therefore be extended. The Commission also seeks comment on whether and how its program access dispute procedures should be modified.

INTRODUCTION AND BACKGROUND

The Coalition for Competitive Access to Content (CA2C) is a diverse group of companies and organizations that includes broadband service providers (BSPs), direct broadcast satellite (DBS) and new telco video competitors, trade associations, and consumer groups that are committed to expanded competition for consumers in the video market place. These member organizations disagree on many other public policy issues, but nonetheless have come to the same conclusion regarding the need to maintain assured access to "must have" content distributed by programmers that are vertically integrated with incumbent cable operators. This access is essential to the development and preservation of competition in the multichannel video programming distribution (MVPD) market.

Congress and the FCC have long recognized the direct linkage between access to programming and additional video competition. In 1992, as part of the Cable Television

² 47 U.S.C. § 548(c)(2)(D).

³ Under Section 628(c)(5), 47 U.S.C. § 548(c)(5), the exclusivity prohibition was to sunset on October 5, 2002, unless the Commission determined that it continued to be necessary to preserve and protect competition and diversity in the distribution of video programming. In a proceeding concluded in 2002, the Commission extended the prohibition for an additional five years, until October 5, 2007, and determined to reexamine in the year prior to the expiration of the extension, whether the exclusivity prohibition continues to be necessary and should be further extended. See Implementation of the Cable Television Consumer Protection and Competition Act of 1992, Development of Competition and Diversity in Video Programming Distribution: Section 628(c)(5) of the Communications Act: Sunset of Exclusive Contract Prohibition, Report and Order, 17 FCC Rcd 12124 (2002)("Sunset Report and Order").

Consumer Protection and Competition Act of 1992 ("1992 Cable Act"), ⁴ Congress enacted the original program access provision, Section 628 of the Communications Act, which required that satellite delivered video programming owned by cable operator-affiliated programmers be made available to competitors on fair and non-discriminatory terms and conditions. A primary focus of this original legislation was the development of new competition in the MVPD market – particularly from satellite providers.

Access to content is as critical to competition today as it was in 1992. The FCC reviewed the application of the rules prohibiting exclusive contracts in 2002 and, concluding that they remained essential to competition, extended their application for an additional five years. More recently several important Government Accountability Office (GAO) studies documented both the expected benefits of more wireline video competition and the relationship between access to content and the ability of all providers to compete in the marketplace. Regulators reviewing media mergers and acquisitions have reached the same conclusion, most recently imposing program access conditions on the acquisition by Comcast and Time Warner of Adelphia's cable systems.

The current level of vertical integration continues to be significant and problematic if, at a minimum, assured access to "must have" programming subject to vertical integration by incumbent cable operators is not maintained. Cable operators continue to have the incentive and ability to withhold such programming in an effort to hobble competitors and drive them from the market.

⁴ Pub. L. No. 102-385, 106 Stat. 1460 (1992).

⁵ See Sunset Report and Order, 17 FCC Rcd at 12124.

⁶ See Applications for Consent to the Assignment and/or Transfer of Control of Licenses: Adelphia Communications Corporation (and subsidiaries, debtors-in-possession), Assignors, to Time Warner Cable Inc. (subsidiaries), Assignees, et al., Memorandum Opinion and Order, 21 FCC Rcd 8203 (2006)("Adelphia Order").

Incumbent cable operators have taken the position, and will likely continue to assert in this proceeding, that the level of vertical integration is not nearly as significant today as it was in 1992, because they own a smaller percentage of the total available content. But the truly relevant perspective is the level of specific types of programming subject to vertical integration. The cable industry continues to control a critical mass of "must have" programming that, if denied to competitors or offered at discriminatory rates, will significantly harm competition. The incentive and ability of incumbents to withhold this type of programming and their continued market power remain. It is, therefore, essential that the Commission retain the minimalist anti-exclusivity prohibition. Otherwise, two of Commission's most fundamental goals – promoting much-needed competition in the MVPD segment and ensuring continued deployment of the broadband networks that, among other things, enable this video competition – will be stifled.

For all these reasons, CA2C members all agree that continuation of the exclusivity prohibition is necessary to preserve and protect competition in the distribution of video programming and urge the Commission to extend the prohibition for at least an additional five years. In addition, the current program access complaint procedures should be modified so that program access complaints will be decided within 120 days from the close of the pleadings. The Commission should also revise the discovery rules applicable to program access complaint proceedings.

I. GIVEN THE CURRENT STATE OF THE MARKET, THE COMMISSION MUST CONTINUE TO PURSUE POLICIES TO PROMOTE COMPETITION AND ELIMINATE BARRIERS TO ENTRY IN VIDEO DISTRIBUTION.

The primary objective of the 1992 Cable Act was the creation and promotion of competition to incumbent cable operators. The members of the CA2C fully endorse the goal of a diverse and competitive video market that the 1992 Cable Act sought to foster. In certain

respects, there has been significant new entry over the past 15 years, particularly from the DBS sector of the industry, as well as entry in a number of local markets of wireline video providers directly competing with incumbent cable operators. Pointing primarily to competitive entry from the DBS sector, incumbent cable operators frequently argue that the current MVPD market has become "fully competitive," such that the various provisions added by the 1992 Cable Act to foster competitive entry are no longer needed.

Despite improvements in market performance since enactment of the 1992 Cable Act, wireline entry is still well below 2% of the nation's total MVPD subscribers. Moreover, while from the June 2002 release of the *Sunset Report and* Order, DBS subscribership has grown from approximately 18.2 million subscribers to approximately 29 million subscribers, during that same period, cable subscribership has decreased by less than one million subscribers, from 66.5 million subscribers in June 2002 to approximately 65.6 million subscribers in December 2006. Despite the growth of DBS, cable operators have still maintained their position in the market.

Moreover, pronounced barriers to competition in these markets persist, and Congress, the FCC and the states have continued to express frustration at the level of competition in MVPD markets and the barriers to entry that stand in the way of improved market performance. Thus,

⁷ See Letter from Daniel L. Brenner, Senior Vice President Law & Regulatory Policy, National Cable & Telecommunications Ass'n in MM Docket No. 92-264 at 4 (Mar. 16, 2007)("NCTA Letter"). In its order on franchising reform, the Commission found that in the vast majority of communities around the country, "cable competition simply does not exist" and that nationwide, there are "only a few hundred examples of competitive franchises." See Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as amended by the Cable Television Consumer Protection and Competition Act of 1992, Report and Order and Further Notice of Proposed Rulemaking, FCC 06-180, MB Docket No. 05-311 (rel. March 5, 2007) at ¶ 19 ("Local Franchising Report and Order").

⁸ Compare Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming, Twelfth Annual Report, 21 FCC Rcd 2503, App. B (2006) with NCTA Letter at 5.

⁹ *Id*.

each remain committed to pursuing policies that remove such barriers, thereby fostering increased competition to cable operators.

For example, in its recently released *Local Franchising Report and Order*, the Commission noted a "lack of competition in the video market" and the importance of eliminating barriers to entry (in that case, certain local franchising practices) that impede "the achievement of the interrelated federal goals of enhanced cable competition and accelerated broadband deployment." And just last month, the Commission adopted a notice of proposed rulemaking to examine another barrier to competition in the MVPD market – this time involving exclusive agreements between landlords of multiple dwelling units and cable operators. There too, the Commission was "taking another step," according to the Commission press release accompanying adoption of the item, "to foster greater competition in the market for the delivery of multichannel video programming."

States around the country have likewise been pursuing policies to promote new competition to cable operators through enactment of legislation reforming local franchising practices. Similarly, the desire for increased cable competition resulted last year in the passage of franchise reform legislation by the House, and by the Senate Commerce Committee.

The pursuit of these policies flows from indisputable evidence regarding the effect on market performance in most markets around the country – which are characterized by two DBS

¹⁰ Local Franchising Report and Order, FCC 06-180, ¶¶ 1, 28.

¹¹ See News Release, FCC Initiates Rulemaking to Evaluate Access to Multiple Dwelling Units for Video Providers, Docket 07-51 (rel. Mar. 22, 2007); see also Separate Statement of Chairman Martin ("Fostering greater competition in the market for video services is a primary and long-standing goal of federal communications policy. . . . All of us here on the Commission have expressed concern about rising cable prices and the importance of encouraging greater competition in the delivery of multichannel video programming.").

¹² Ongoing records maintained by US Telecom indicate that the following states have passed franchise reform legislation: California, Kansas, Texas, Missouri, Michigan, Indiana, New Jersey, Virginia, North Carolina, and South Carolina. Legislation is expected or pending in 22 other states.

competitors and a single, dominant cable incumbent – when a second wireline competitor enters. According to the Commission's most recent study of cable industry prices, consumers in most markets have continued to experience annual cable rate increases that have been more than double the general rate of inflation. Moreover, since passage of the Telecommunications Act of 1996, the average cable bill has increased over 93%, while the comparable rate for telecommunications services generally, such as basic telephone, long distance, wireless services, Internet access, and broadband transport have all declined dramatically.

Finally, as reflected in the *2006 Cable Price Report*, cable prices increased approximately 30% in the three years between 2002 to 2005, while inflation increased approximately 10% during that same period, or on average three times the rate of inflation. This in fact reflects a steeper rise in prices than during the ten years between enactment of the 1992 Cable Act and the original 2002 sunset date.

In contrast, the Commission found that cable prices decrease substantially when a second wireline competitor enters the market -- approximately 15% or \$5.00 per month. The U.S. Government Accountability Office (GAO) similarly looked at the impact of wireline market entry by BSPs on incumbent cable company conduct and on consumer prices for cable and

¹³ See Implementation of Section 3 of the Cable Television Consumer Protection and Competition Act of 1992, Statistical Report on Average Rates for Basic Service, Cable Programming Service, and Equipment, Report on Cable Industry Prices, 21 FCC Rcd 15087, 15090 (2006) ("2006 Cable Price Report").

¹⁴ Pub. L. No. 104-104, 110 Stat. 56 (1996), codified at 47 U.S.C. §151 et seq. ("1996 Act").

¹⁵ 2006 Cable Price Report, 21 FCC Rcd at 15090; see also Separate Statement of Chairman Kevin Martin at 1 and Attachment A, thereto.

¹⁶ 2006 Cable Price Report, 21 FCC Rcd at 15091; see also Local Franchising Report and Order, FCC 06-180, ¶ 50, & n.183 (reporting corroborating evidence in Keller, Texas where competitors rates are 13% below that of the incumbent, and in Pinellas County, Florida where incumbent faces competition from BSP Knology, and incumbent's rates are \$10-\$15 lower than in neighboring areas where it faces no competition).

telecommunications services. 17 The GAO concluded in its Wire-Based Competition Report that a second wireline system's "entry into a market benefited consumers in the form of lower prices for subscription television, high-speed Internet access, and local telephone services. Incumbent cable operators often responded to BSP entry by lowering prices, enhancing the services that they provide, and improving customer service." Specifically, in all but one market studied, rates for expanded basic cable television services were 15 to 41 percent (an average of over 23 percent) lower in markets with a BSP, when compared with similar markets that did not have a wireline competitor. 19 Significantly, in addition to having a constraining effect on price, wireline competitors, such as BSPs achieve video market shares in the territories they serve of 25 to 50% of MVPD subscribers.

An April 2005 GAO report analyzing video market shares in different types of markets further underscores the continuing dominance of major incumbent cable operators in urban and suburban markets where there is no wireline competitor. ²⁰ In general, this study confirms that the levels of market share and competition achieved by major DBS competitors vary widely by type of market and the amount of comparable content that is offered:

2004 DBS Penetration Rates						
Geog Rural 29%	graphic Compari Suburban 18%	sons Urban 13%		Competition Com Partial upgrade 16%	parisons Fully Upgraded 14%	

¹⁷ Government Accountability Office (GAO), Telecommunications: Wire-Based Competition Benefited Consumers in Selected Markets, GAO-04-241 (Feb. 2004) ("GAO Wire-Based Competition Report").

¹⁸ GAO Wire-Based Competition Report, at 4.

¹⁹ *Id*

²⁰ Government Accountability Office (GAO), Telecommunications: Direct Broadcast Satellite Subscribership Has Grown Rapidly, but Varies Across Different Types of Markets, GAO-05-257 (Apr. 2005).

This market share differential is even more dramatic in urban and suburban markets where DBS operators face a content disadvantage compared to the incumbent operator. For example, DBS market share in Philadelphia and San Diego drops almost in half due to the lack of access to regional sports as compared to other similar high-density markets where DBS operators do have access to regional sports content.²¹

Overall, this evidence underscores the continued need to foster increased competition for MVPD services. As much today as in 1992, access to programming remains a critical barrier to that competition, such that supporting and strengthening the program access rules are critical to sustaining current and future competitive performance in these markets.

II. <u>ACCESS TO CABLE-CONTROLLED, MUST-HAVE PROGRAMMING REMAINS AS CRITICAL TODAY AS IT WAS IN 1992.</u>

The exclusivity prohibition was a major factor in the development of today's MVPD competition. DBS, BSP, and other existing wireline and wireless entrants rely on these rules to ensure access to "must have" programming that would otherwise be withheld by incumbent cable operators. Even if every other issue that historically has been identified as a potential barrier to competitive video entry (franchising, predatory pricing, MDU access, technical standards, etc.) were resolved, competition would be seriously impaired if vertically integrated cable operators were allowed to pursue foreclosure strategies related to content.

At bottom, there is still marquee or must have programming that has no equivalent.

Existing and new competitive MVPDs are still dependent on access to "must have" vertically integrated programming. So long as incumbent cable operators with ownership interests in

²¹ It should also be noted that the DBS share in a given market is generally split between the two primary DBS service providers. Therefore individual DBS competitors in upgraded suburban and urban markets will likely have less than 10% market share versus the incumbent cable operator share of 65 to 85% share.

essential content can use that programming to sustain market shares and contain or block competition, assured access to content will be required.

A. The 1992 Act Recognized the Need for Assured Competitive Access to "Must Have" Programming from Incumbent Cable Operators.

In 1992, Congress recognized that the cable industry could use its control over access to video programming to stifle competition and therefore enacted a statutory prohibition on exclusive cable distribution of vertically integrated programming and other discriminatory conduct involving access to programming as part of the 1992 Cable Act. In adding Section 628 to the Communications Act, Congress recognized that "vertically integrated program suppliers have the incentive and ability to favor their affiliated cable operators over other multichannel programming distributors using other technologies." Representative Billy Tauzin, one of the principal architects of the 1992 Cable Act, recalled that, in 1992:

[Congress] awakened to the sad realization that we had forgotten one crucial element, and that was *cable controlled programming*. And that *controlling programming was a way of making sure that there would be no competitors*. If a competitor couldn't get the programming, it certainly wasn't going to launch the [system].²³

By enacting Section 628, Congress sought to break the cable industry's unique leverage over programming, which had historically been exercised through exclusivity arrangements and other market power abuses used by cable operators and their affiliated programming suppliers.

These anticompetitive practices both outright denied programming to competitive technologies,

²³ Examination of Cable Rates: Hearing Before the Senate Commerce, Transportation and Science Comm., 105th Cong. (July 28, 1998)(statement of Rep. Billy Tauzin)(emphasis added).

²² 1992 Cable Act, at § 2(a)(5).

or effectively denied it by making programming available on unreasonable terms and conditions.²⁴ Section 628 contains the general provision that:

It shall be unlawful for a cable operator, a satellite cable programming vendor in which a cable operator has an attributable interest, or a satellite broadcast programming vendor to engage in unfair methods of competition or unfair or deceptive acts or practices, the purpose or effect of which is to hinder significantly or to prevent any multichannel video programming distributor from providing satellite cable programming or satellite broadcast programming to subscribers or consumers.²⁵

Section 628 also directed the FCC to adopt rules to "address and resolve the problems of unreasonable cable industry practices, including restricting the availability of programming and charging discriminatory prices to non-cable technologies" and provided further specific guidance. Such rules must, among other things, prohibit discriminatory treatment by programmers in which a cable operator has an attributable interest between such cable operator and unaffiliated competitors. Section 628(b)(2)(D) specifically required the FCC to prohibit exclusive contracts between cable operators and cable programmers in which such operators have an attributable interest.

B. The Exclusivity Prohibition Has Been an Effective Pro-Competitive Measure.

An original focus of the program access provision was to promote the development of DBS competition, which prior to passage of the 1992 Cable Act and Section 628, had been

²⁴ See 138 Cong. Rec. H6540 (daily ed. July 23, 1992)(Rep. Eckart)(cable operators "know that if they maintain their stranglehold on this programming, they can shut down competition – even the deep pockets of the telephone companies for a decade or more."); 138 Cong. Rec. H6533-34 (daily ed. July 23, 1992) (statement of Rep. Tauzin)("[My] amendment, very simply put, requires the cable monopoly to stop refusing to deal, to stop refusing to sell its products to other distributors of television programs. In effect, this bill says to the cable industry, 'You have to stop what you have been doing, and that is killing off your competition by denying it products.'... Programming is the key.... Without programming, competitors of cable are... stymied... What does it mean? It means that cable is jacking the price up on its competitors so high that they can never get off the ground. In some cases they deny programs completely to those competitors to make sure they cannot sell a full package of services. So the hot shows are controlled by cable.... It is this simple. There are only five big cable integrated companies that control it all. My amendment says to those big five, 'You cannot refuse to deal anymore.'")(emphasis added).

²⁵ 47 U.S.C. § 548(b).

²⁶ H.R. Conf. Rep. No. 102-862, at 93 (1992), reprinted in 1992 U.S.C.C.A.N. 1231, 1275.

largely stalled. The pro-competitive polices from the 1992 Act were successful and, as reported by NCTA, the DBS subscriber base had reached an estimated 28.9 million by September 2006.²⁷

Satellite systems have extended the availability of MVPD services to all parts of the country and brought some measure of competition where it did not exist prior to its creation. This created a significant expansion of the MVPD industry to more potential households, especially in rural areas that were not reached by cable systems or that were served by systems with limited channel capacity. Additionally, competition from DBS forced the cable industry to become more responsive to consumers and improve their own services. Both DIRECTV and Echostar have attested to the direct linkage between their ability to launch and the program access rules that were a foundation for that success.

The 1996 Act was also passed with the goal of fostering competitive entry. One objective was the creation of additional video competition from wireline companies, including creating the opportunity for new independent, facilities-based broadband providers to enter the market. BSPs are a major segment of this new wireline competition that have deployed technologically advanced networks, to deliver the initial fully bundled offerings of voice, video, and data on high-capacity, fiber-rich wireline networks. The majority of the BSP systems that operate today were first franchised and built during the 1997-2000 time frame.

Having access to "must have" programming that was vertically integrated with cable operators was as critical for the startup of BSPs and other new wireline competitors as it was for DBS competition. During 1997 to 2000 the vast majority of all must have programming was still satellite-delivered and the program access provisions adopted in 1992, and the exclusivity

²⁷ See NCTA Letter at 5.

²⁸ Government Accountability Office, *Issues Related to Competition and Subscriber Rates in the Cable Television Industry*, GAO 04-8 at 12 (Oct. 2003) (describing non-price competition between cable and DBS).

prohibition, in particular, were thus a key component to the development of this wireline competition and remain so today.

C. <u>In 2002, the Commission Extended the Exclusivity Prohibition, Finding That</u> it Continued to be Necessary to Preserve and Protect Competition.

The exclusivity prohibition in Section 628 was originally scheduled to sunset in 2002, unless the Commission found that the prohibition continued to be necessary to preserve and protect competition in the distribution of video programming. Many members of the CA2C successfully demonstrated to the Commission why extension of the existing rules was still critical to competition. The FCC agreed, and in the *Sunset Report and Order* extended the prohibition on program exclusivity for at least another five years.²⁹

In that order, the FCC found that "access to vertically integrated programming continues to be necessary in order for [competitive] MVPDs to remain viable in the marketplace" and that "[f]ailure to secure even a portion of vertically integrated programming would put a nonaffiliated cable operator or competitive MVPD at a significant disadvantage *vis-à-vis* a competitor with access to such programming." The FCC also observed that "vertically integrated programmers generally retain the incentive and ability to favor their cable affiliates over nonaffiliated cable operators and other competitive MVPDs to such a degree that, in the absence of the prohibition [on exclusive contracts with affiliates], competition and diversity in the distribution of video programming would not be preserved and protected." Further, the FCC found, "[d]espite the progress that has been made in the 10 years since enactment of the 1992 Act, a considerable amount of vertically integrated programming in the marketplace today

²⁹ Sunset Report and Order, 17 FCC Rcd 12124.

³⁰ *Id.* at 12138.

³¹ *Id*.

³² *Id.* at 12125.

remains 'must have' programming to most MVPD subscribers," and that "if [competitive MVPDs] were to be deprived of only some of this 'must have' programming, their ability to retain subscribers would be jeopardized."³³

Since the Commission issued the *Sunset Report and Order* in 2002, new MVPD providers have begun entering the market. These new MVPDs are deploying broadband networks over which video will be provided. As was true in 2002, access to programming is key for all competing providers to offer consumers an alternative to incumbent cable. The market conditions today do not warrant any different finding today than when the *Sunset Report and Order* was issued.

D. <u>Because of their Control over "Must-Have" Programming, Cable Operators</u> Continue to have the Ability to Foreclose Competitive Entry.

While the cable industry points to a supposed reduction in the relative level of vertical integration since 1992, what is most significant is its continued control over programming viewed as "must have" by key demographics. It is not necessary to have control of <u>all</u> essential content to influence the end user buying decision. Incumbent cable operators need only control selective programming that is key to the decision by each major demographic group in choosing between alternate providers to influence market share significantly. The Commission has repeatedly determined that cable-affiliated programming for which there are no good substitutes – such as marquee programming and regional sports networks – are critical to a competitive MVPD offering.³⁴

The CA2C has compiled its own summaries of vertical integration from several public sources, including past reports from the *Annual Assessment of the Status of Competition in the Market*

³³ *Id.* at 12139.

³⁴ See, e.g., Adelphia Order, 21 FCC Rcd at 8227, 8258.

for the Delivery of Video Programming³⁵. These expanded summaries, included as Attachment A, hereto, are attached to these comments for the Commission's reference. While we do not assert that all details in these reports are complete or fully current, as the ownership of content is constantly changing, these reports demonstrate the level of vertical integration as of the date the reports were produced.³⁶

The absolute level of vertical integration today is similar in scale to the ownership in the early 1990s. Over the past ten years the industry has added significant capacity and the additional carriage of digital channels. Many networks can now offer as many as 300 channels and there are upwards of 600 channel options that are available or under development to potentially choose from for carriage. While this expanded carriage has diminished the percentage of total available content that is subject to vertical integration, it has not in a similar way diminished vertical integration of "must have" programming.

III. CABLE OPERATORS HAVE DEMONSTRATED THEY WILL USE ACCESS TO PROGRAMMING AS A COMPETITIVE WEAPON AND STILL HAVE THE INCENTIVE AND ABILITY TO WITHHOLD PROGRAMMING IF ALLOWED.

A. <u>Incumbent Cable Operators Have Demonstrated That, If Allowed, They Will Use Program Access as a Weapon to Inhibit Competition.</u>

During the past ten years incumbent operators have demonstrated that, if allowed, they will use content denial strategies against both DBS and new wireline competition. BSP systems currently have less than 2% total market share but every one of these competitive operators has

³⁵ Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming, Notice of Inquiry, 21 FCC Rcd 12229 (2006).

CA2C submitted these summaries to the FCC as part of the current *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*

experienced strategies of denied or high-cost access to content subject to vertical integration, most of which fall outside the current rules.³⁷ As these examples show, when the rules or market conditions have allowed vertically integrated incumbent cable operators to use strategies of denied access to affiliated content, they have pursued them. Examples include the following:

1. SportsNet in Philadelphia, PA.

Comcast owns a majority interest in Comcast SportsNet Philadelphia ("CSN-Philly") – a regional sports network (RSN) created in 1996 with exclusive rights to the Philadelphia Phillies, Flyers, and 76ers (the latter two of which were and are controlled by Comcast). Because Comcast already controlled the overwhelming majority of Philadelphia MVPD subscribers in 1996, SportsNet was denied to RCN by Comcast on the basis that SportsNet was not satellite delivered programming within the scope of Section 628. During Justice Department review of Comcast's acquisition of Home Team Sports in Washington D.C., Comcast agreed to make SportsNet available on a short-term basis to RCN. Coincident with negotiations for approval of the Adelphia transaction, Comcast agreed to offer SportsNet to RCN and Verizon but continues to deny access to Echostar and to DIRECTV.

2. San Diego Padres Games in greater San Diego.

Cox Communications offers its Channel 4 San Diego with exclusive rights to San Diego Padres games (including an HD feed, offered on the "4SD" channel) only to cable operators. This content is therefore denied to both Echostar and DIRECTV as DBS competitors. This content has also been denied to AT&T for its market entry with wireline service. Cox offers the service only to cable operators who do not directly compete with Cox.

3. New England News in Boston, MA.

In the Boston market Comcast is a 50% owner of the regional news channel, New England Cable News. This channel is offered on a terrestrial based distribution system and Comcast controlled access to this important regional and local programming. While all other cable operators in the market were offered access to the channel, RCN's requests were consistently denied. Comcast finally relented and allowed RCN access to NECN in

³⁷ Nonetheless, the Commission has recognized the anticompetitive effects of such strategies, and addressed many of them through merger conditions or other market conditions where the competitive operator was able to obtain carriage that was once denied.

³⁸ See http://www.cox.com/sandiego/coxmedia/exclusive.asp (listing Channel 4 as one of its "Cox Media: Exclusive Products"); http://www.4sd.com/faq.php ("Is Channel 4 San Diego available on Dish or Satellite? No. Channel 4 San Diego is a service available exclusively through your cable provider. Since we only transmit via cable, there is no way to pick up our signal via satellite.").

2004 when the Senate Judiciary Committee indicated that they were considering legislative action to close the terrestrial loophole and were canvassing the country for examples of programming access denial on these grounds.

4. Overflow sports programming in New York, NY.

In New York City, Cablevision has deprived RCN of access to key overflow sports programming by revising its distribution system from satellite to terrestrial so as to preclude RCN's carriage of this important tier of programming. This loss of critical sports programming has been a serious detriment in marketing RCN's services in New York City. RCN filed a complaint against Cablevision with the Commission, which the Commission ultimately dismissed on the grounds that RCN failed to show that Cablevision moved the programming from satellite to terrestrial distribution for the purpose of evading the program access rules. In so ruling, however, the Commission also denied, over the dissent of Commissioner Tristani, RCN's request for discovery to probe the issue of statutory evasion.

These examples, which involve the denial of programming when the exclusivity prohibition arguably did not apply, demonstrate quite conclusively the incentives and ability of vertically-integrated cable operators to deny access to programming. If the exclusivity prohibition expires altogether, there should be no doubt that these incentives to exclude will extend to the full range of vertically integrated "must have" content. This will not only severely undercut the inroads already made by the DBS providers, ⁴¹ but also stifle the nascent and sorely-needed new wireline competition.

B. Emerging Regional Clusters And Horizontal Consolidation Will Exacerbate
The Problems Resulting From The Elimination Of The Exclusivity
Prohibition.

The unprecedented expansion of regional clusters for incumbent cable operations is a

³⁹ Cablevision historically controlled the programming rights for a majority of the local professional sports teams in New York, including the Yankees, Mets, Knicks and Rangers.

⁴⁰ RCN Telecom Serv. of N.Y., Inc. v. Cablevision Sys. Corp., 16 FCC Rcd 12048 (2001).

⁴¹ See Adelphia Order, 21 FCC Rcd at 8258.

significant development in the MVPD market during the past five years. This change in market structure received its first major boost with the merger of Comcast and AT&T BroadBand implemented in 2003. The development of regional clusters became an ongoing trend that received another major expansion with the 2006 close of the Adelphia transaction, when Comcast and Time Warner each obtained parts of the Adelphia systems and, in addition, "swapped" large parts of their existing networks to further "cluster" their markets.

National maps of the service territories of AT&T Broadband, Comcast, and Time Warner in 2002 versus the level of clustering after the Adelphia transaction demonstrate a dramatic change. This new structure in the national market, which has evolved since the 2002 extension of the program access rules, does not alter or in any way ameliorate the already powerful incentives for incumbent cable operators to use program access strategies as a competitive weapon. The regional clusters create expanded opportunities to implement regional carriage denial strategies, that would clearly be implemented if the exclusivity prohibition were eliminated and incumbent operators could make widespread use of exclusivity arrangements that are prohibited under the current rules.

IV. VIDEO PROGRAM ACCESS PROVISIONS ARE ALSO ESSENTIAL TO THE FURTHER DEVELOPMENT OF BROADBAND NETWORKS AND ENHANCED BROADBAND CAPACITY.

In addition to the development of video competition, a paramount federal objective today is to promote the rapid deployment of broadband facilities. Congress has embodied this policy in Section 706 of the Communications Act, the President has specifically established an aggressive policy of encouraging widespread deployment of broadband networks by 2007,⁴² and the

⁴² See Speech of President Bush, Mar. 26, 2004, available at http://www.whitehouse.gov/infocus/technology/economic_policy200404/chap4.html ("We ought to have . . .

Commission has repeatedly reiterated that its priority is eliminating regulatory impediments to broadband infrastructure deployment. 43 This was recently reaffirmed in writing and oral testimony on March 14, 2007 during the FCC oversight hearing before the House Commerce Committee, where all five FCC commissioners addressed the need and national priority to develop broadband networks and restore our national competitiveness in this vital area.

The link between broadband penetration and video services has been demonstrated for both rural and urban markets. When bundled together, customers tend to buy more of both, making broadband deployment economically more feasible in more areas. Denied access to "must have" video content that is controlled by incumbent cable operators will have a direct and adverse effect on broadband deployment. As the Commission has recognized, broadband deployment and video entry are inextricably linked - broadband providers cannot justify the massive investments necessary to make advanced telecommunications services available without the protections provided by the program access rules that assure content for a viable video service offering. Policies that support the investment and successful deployment of next generation networks will positively effect the development of both video competition and broadband deployment. Accordingly, effective implementation of federal broadband and video competition policies requires a further extension of these rules.

universal, affordable access for broadband technology by the year 2007, and then we ought to make sure as soon as possible thereafter, consumers have got plenty of choices when it comes to [their] broadband carrier").

⁴³ See, e.g., Matter of IP-Enabled Servs., NPRM, 19 FCC Rcd 4863, 4865 (2004) ("IP-Enabled Services NPRM") ("we have recognized the paramount importance of encouraging deployment of broadband infrastructure to the American people"); Matter of Amendment of Part 15 Regarding New Requirements and Measurement Guidelines for Access Broadband Over Power Line Sys., Report and Order, 19 FCC Rcd 21265, 21271 (2004) ("The deployment of broadband delivery capabilities to provide all Americans with access to affordable high speed Internet and data services is one of the most important challenges currently facing the Commission and the communications industry"): Appropriate Framework for Broadband Access to the Internet Over Wireline Facilities. Report and Order and NPRM, 20 FCC Rcd 14853, 14900-901 (2005) ("[o]ur primary goal in this proceeding is to facilitate broadband deployment in the manner that best promotes wireline broadband investment and innovation, and maximizes the incentives of all providers to deploy broadband").

V. THE CURRENT PROGRAM ACCESS COMPLAINT PROCEDURES SHOULD BE CLARIFIED IN SEVERAL RESPECTS.

The *NRPM* seeks comment on whether and how the Commission's procedures for resolving program access disputes should be modified. In particular, the Commission asks, *inter alia*, whether complaints are resolved in a timely manner and whether rules for discovery and protection of confidential information are adequate⁴⁴

Section 628 gives the Commission a broad mandate to adopt procedural rules that will assure the efficient and effective resolution of disputes over the price, terms, and conditions of a competitor's access to cable-affiliated, satellite delivered programming. As noted by the Senate Commerce Committee in its report accompanying the Senate bill (S. 12) that gave rise to the 1992 Cable Act, the program access provision "provides for an expedited administrative remedy for complaints brought" under the provision. Congress recognized that, without such a remedy, new competitors might be denied relief, and it therefore adopted the provision in order "to have programming disputes resolved quickly and without imposing undue costs on the involved parties."

To this end, Section 628(d) authorizes any MVPD aggrieved by conduct that it alleges to be a violation of Section 628(b) and/or the rules adopted by the Commission under 628(c), to commence an adjudicatory proceeding at the Commission.⁴⁷ Congress also directed the Commission in Section 628(f) to prescribe procedural rules implementing Section 628 that

⁴⁴ *NPRM*, ¶ 13-15.

⁴⁵ S. Rep. No. 92, 102d Cong., 1st Sess. 28 (1991), reprinted in 1992 U.S.C.C.A.N. 1133, 1161.

⁴⁶ *Id*.

⁴⁷ 47 U.S.C. § 548(d).

"provide for an expedited review of any complaints made pursuant to this section" and "establish procedures for the Commission to collect such data, including the right to obtain copies of all contracts and documents reflecting arrangements and understandings alleged to violate this section, as the Commission requires to carry out this section." Unfortunately, as discussed below, the current program access procedural rules have proven inadequate and need to be expanded to meet the requirements of Section 628(f).

A. The Commission Should Commit that Program Access Complaints Will Be Decided Within 120 Days From the Close of the Pleadings.

In 1998, the Commission revisited the program access procedural rules that it first adopted after passage of the 1992 Cable Act. In the 1998 Program Access Report and Order the Commission adopted a "goal" for the resolution of program access complaints – five months from submission of the complaint for denial of programming cases, and nine months for all other cases. Significantly, however, those timeframes were not adopted as amendments to or incorporated into the Commission's regulations, and instead serve as mere guidelines.

Unfortunately, rather than complaints being resolved in the five to nine month timeframe envisioned in the 1998 Program Access Report and Order, the timeframe for resolution is uncertain, with complaints often taking years to resolve after the preliminary filings. This has had a disparate impact on new entrants, through prolonged delays in a competitor's ability to carry must-have programming pending resolution of denial-of-carriage complaints, by imposing the continued payment of discriminatory prices over a prolonged period of time in price

⁴⁸ 47 U.S.C. § 548(f)(1).

⁴⁹ 47 U.S.C. § 548(f)(2).

⁵⁰ See Implementation of the Cable Television Consumer Protection and Competition Act of 1992, Petition for Rulemaking of Ameritech New Media, Report and Order, 13 FCC Rcd 15822 (1998)("1998 Program Access Order").

⁵¹ *Id.* at 15842-843.

discrimination cases, and forcing competitors to divert inordinate resources to prosecution of program access complaints.

This, of course, is directly contrary to Section 628's requirement that the Commission provide for expedited review of program access complaints. Accordingly, CA2C believes that the Commission should mandate a timeframe of 120 days from the close of the pleadings (i.e., submission of the complainant's reply to the answer) for resolution of program access complaints, regardless of whether the complaint is limited to denial of access or includes pricing issues. In order to facilitate settlement negotiations, we also propose inclusion of a provision allowing the parties to move jointly to suspend the 120-day clock if necessary to facilitate potential settlement. We believe that this timeframe is completely consistent with other expedited procedures involving issues of no less complexity than program access disputes, both at the Commission and before other agencies, and will ensure efficient expeditious resolution of program access complaint proceedings.

B. The Commission Should Revise the Discovery Rules Applicable to Program Access Complaint Proceedings.

The 1998 Program Access Order also reviewed the discovery rules applicable to program access complaints. In particular, the Commission declined to adopt specific discovery rules for program access complaints that would provide parties discovery as of right.⁵³ Instead, the

⁵² In the *1998 Program Access Order*, the Commission indicated that it would suspend the time limits if the parties choose to pursue a negotiated settlement. *1998 Program Access Order*, 13 FCC Rcd at 15843. Our proposal here is that the clock be stopped for a defined period, but then restarted if the parties do not settle the matter within the specified period. This is similar to other shot clocks used by the Commission, such as that used for merger reviews.

⁵³ 1998 Program Access Order, 13 FCC Rcd at 15846-15850. The Commission did, however, adopt a standard protective order governing the exchange of proprietary documents and information, such as programming agreements. *Id.* at 15850. That protective order is substantially similar to protective orders used by the Commission in merger proceedings and common carrier complaint proceedings, and has since been codified in Section 76.9 of the Commission's rules, 47 C.F.R. § 76.9. *See 1998 Biennial Regulatory Review – Part 76 – Cable Television Service Pleading and Complaint Rules*, Report and Order, 14 FCC Rcd 418, 423 (1999). These provisions afford adequate protection for the confidential information of all parties.

Commission opted for retention of the staff-controlled discovery procedures currently codified in Section 76.7(f) of the Commission's rules.⁵⁴

Under the Part 76 discovery rules, discovery may not be initiated by the parties, but instead is placed completely within the control and discretion of Commission staff, providing only that "the Commission staff may, in its discretion, order discovery limited to the issues specified by the Commission." Thus, in Part 76 discovery, the burden is on staff to order discovery, and then only with respect to "the issues specified by the Commission."

In opting for staff-controlled discovery, the Commission was reacting to abuses, costs, and delay associated with self-executing discovery that had historically been the norm in common carrier complaint proceedings before the Commission changed the common carrier discovery rules in 1997. However, while the Commission may have been seeking to prevent excessive discovery cost and delay, the result has been that key documents, particularly programming contracts with competitors that are necessary to show *prima facie* discrimination, are not made available in complaint proceedings to the detriment of competitors and competition.

CA2C urges the Commission to make clear that defendants to discrimination claims must produce contracts pertaining to the programming at issue with a competing incumbent cable operator, subject to confidential treatment in accordance with Section 76.9 of the Commission's rules. Such agreements are directly relevant – and essential – to determining whether the programmer is discriminating in the price, terms and conditions of sale between the complainant and the incumbent

⁵⁴ See 47 C.F.R. § 76.7(f)(1).

⁵⁵ 47 C.F.R. § 76.7(f)(1).

⁵⁶ See generally Implementation of the Telecommunications Act of 1996, Amendment of Rules Governing Procedures to be Followed When Formal Complaints are Filed Against Common Carriers, Report and Order, 12 FCC Rcd 22497 (1997)("Carrier Complaint Order").

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operator and are essential to adjudicating the claims in a discrimination dispute.⁵⁷ In addition, the Commission should make clear that staff may order further discovery, in consultation with or at the request of the parties, that will facilitate resolution of the matters at issue.⁵⁸

⁵⁷ See 47 C.F.R. § 76.1002(b).

⁵⁸ For example, in the *Carrier Complaint Order*, the Commission emphasized that that "Commission staff will be inclined to grant all reasonable requests" for additional discovery *Carrier Complaint Order*, 12 FCC Rcd at 22549. Similar guidance to the staff would be appropriate here.

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CONCLUSION

WHEREFORE, the Coalition for Competitive Access to Content urges the Commission

to find that the exclusivity prohibition in Section 628(c)(2)(D) of the Communications Act, 47

U.S.C. § 548(c)(2)(D), continues to be necessary to preserve and protect competition in the

distribution of video programming, and respectfully requests that the Commission extend the

prohibition for at least an additional five years and strengthen its procedures related to the time to

resolve a complaint and discovery.

Respectfully submitted for:

The Coalition for Competitive Access to Content

By: /s/

John D. Goodman

President

Coalition for Competitive Access to Content

1735 New York Avenue, N.W., Suite 700

Washington, D.C. 20006

(612) 839-2329

Dated: April 2, 2007

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CERTIFICATE OF SERVICE

I hereby certify that on this 2 nd day of April 2007, a copy of the foregoing C	Comments of
The Coalition for Competitive Access to Content were served via electronic mail o	n each of the
persons listed on the attached service list.	

/ _S /	
John D. Goodmar	1

SERVICE LIST

The Honorable Kevin J. Martin Chairman Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554

The Honorable Michael J. Copps Commissioner Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554

The Honorable Jonathan S. Adelstein Commissioner Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554

The Honorable Deborah Taylor Tate Commissioner Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554

The Honorable Robert M. McDowell Commissioner Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554

Michelle Carey Office of the Chairman Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554 Rick Chessen Office of Commissioner Michael J. Copps Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554

Rudy Brioche
Office of Commissioner Jonathan Adelstein
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

Chris Robbins
Office of Commissioner Deborah Taylor Tate
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

Cristina Chou Pauze Office of Commissioner Robert M. McDowell Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554

Monica Desai, Chief Media Bureau Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554

Rosemary C. Harold, Deputy Chief Media Bureau Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554 Mary Beth Murphy Policy Division, Media Bureau Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554

Steven Broekaert Policy Division, Media Bureau Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554

Karen Kosar Policy Division, Media Bureau Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554 Marlene H. Dortch Secretary Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554

Qualex International Federal Communications Commission 445 Twelfth Street, S.W. Washington, DC 20554

Attachment A Part 1



Coalition for Competitive Access to Content (CA2C)
Vertical Integration and Media Ownership Relevant to Program Access Legislation
Working Draft of 2006 Ownership

The information summarized in this document was derived from three primary sources.

- 1. The FCC's Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming, Twelfth Annual Report, 21 FCC Rcd 2503 (2006) ("Twelfth Annual Report")
- 2. The Columbia Journalism Review (CJR) at Columbia University's Graduate School of Journalism. www.cjr.org/tools/owners. (CJR lists various "media" businesses owned by major corporations. It would be useful to clarify what business activities these listings represent.)
- 3. Exhibit 1: Networks distributed to 20 million households. Filed by the America Channel as part of the FCC Comcast/TimeWarner/Adelphia Proceeding.

Comment: These primary resources did not agree on all detail but the CA2C has drafted a composite picture that is the best we can create with these available resources. The CA2C does not present this data in the belief that all relevant data is either here or fully accurate. We do believe that this represents a fair starting point to understand an expanded portrait of the industry structures we are working with and we request that the Commission share this information with the referenced cable companies and other major media conglomerates for their review, validation, correction, and expansion as appropriate. The CA2C would like to see this review process result in an accurate composite picture that all parties will endorse as we continue to work on the relevant policy issues.

Coalition for Competitive Access to Content (CA2C) Vertical Integration and Media Ownership Relevant to Program Access Legislation Working Draft of 2006 Ownership

1. Comcast

omea	ist		
a.	MVPI	O Programming	Carriage - millions
	i.	E! Entertainment (60.5%) (Disney)	85.6
	ii.		40.0
	iii.	The Golf Channel	66.9
	iv.	The Outdoor Life Network (VS.)	61.6
	V.	TV One (32.8%)	20.0
	vi.		49.8
	vii.	Comcast SportsNet Philadelphia (84.1%)	
	viii.	Comcast SportsNet Mid-Atlantic	
	ix.	Comcast SportsNet Chicago (30%)	
	Χ.	Comcast SportsNet West	
	xi.	Comcast/Charter Sports Southeast (70.2%)	
	xii.	Fox Sports Net New England (50%)	
		Cowboys TV (Dallas)	
	xiv.	Bravesvision (Atlanta)	
	XV.	Falconvision (Atlanta)	
		CN8 – The Comcast Network	
		Comcast Entertainment TV (Denver)	
	xviii.	Comcast Local (Detroit)	
		New England Cable News (50%)	
		Pittsburg Cable News Channel (PCNC) (30%)	(o)
		AZN Television	
		PBS Kids Sprout (40%)	
		iN Demand (54.1%)	
		iN Demand HD1 (54.1%)	
		iN Demand HD2 (54.1%)	
		Music Choice (partial)	
b.	-	Franchises	
		Philadelphia 76ers	
		Philadelphia Flyers	
		Philadelphia Phantoms	
	iv.	Philadelphia Charge	
	V.	5	
		Delmarva Shorebirds	
		Bowie Baysox	
c.	MVPI	Content Production/Distribution	

i. None d. Other related ownership

- i. Comcast Spectacor (Properties, ticket sales, food service, marketing services)
- 2. Time Warner
 - a. MVPD Programming
 - i. Turner Network Television (TNT) 88.8
 - ii. TNT HD
 - iii. CNN 88.8
 - 1. CNN International
 - 2. CNN en Espanol
 - 3. CNN Headline News 87.6
 - 4. CNN Airport Network
 - 5. CNN fn
 - iv. Court TV (50%) 82.5
 - v. Cartoon Network 87.1 vi. Turner Classic Movies (TCM) 70.1
 - vii. HBO
 - 1. HBO2
 - 2. HBO Comedy
 - 3. HBO Family
 - 4. HBO Latino
 - 5. HBO Signature
 - 6. HBO Zone
 - 7. HBO HD
 - viii. Cinemax
 - ix. Cinemax HD
 - x. Cinemax Multiplex
 - 1. Action Max
 - 2. @Max
 - 3. 5StarMax
 - 4. MoreMAX
 - 5. OuterMax
 - 6. Thriller Max
 - 7. WMAX
 - xi. New York 1 News
 - xii. MetroSports (Kansas City)
 - xiii. TBS Superstation (Turner Broadcasting System)
 - xiv. Turner South (Sold to NewsCorp/Fox)
 - xv. Cable News 9 Albany New York
 - xvi. New York 1 News (NY1 News)
 - xvii. NY1 Noticias
 - xviii. News 10 Now Syracuse, N.Y.
 - xix. News 8 Austin
 - xx. News 14 Carolina (Charlotte)
 - xxi. News 14 Carolina (Raleigh)
 - xxii. R News Rochester N.Y.
 - xxiii. Turner South (STC)

- xxiv. Cartoon Network in Europe
- xxv. Cartoon Network in Latin America
- xxvi. TNT & Cartoon Network in Asia/Pacific
- xxvii. The Warner Channel (Latin America, Asia Pacific, Australia, Germany)
- xxviii. The WB Television Network
- xxix. iN Demand (30.3%)
- xxx. iN Demand HD1 (30.3%)
- xxxi. iN Demand HD2 (30.3%)
- xxxii. Music Choice (partial)
- b. Sports Franchises
 - i. Atlanta Braves (Sale pending to Liberty Media)
- c. MVPD Content Production/Distribution
 - i. Warner Bros.
 - ii. Warner Brothers Studios
 - 1. Movielink (partial)
 - iii. Warner Brothers Television
 - iv. Warner Brothers Television Animation
 - v. Hanna Barbera Cartoons
 - vi. Telepictures Production
 - vii. Witt Thomas Productions
 - viii. Castle Rock Entertainment
 - ix. Warner Home Video
 - x. Warner Bros. Domestic Pay TV
 - xi. Warner Bros. Domestic Television Distribution
 - xii. Warner Bros. International Television Distribution
 - xiii. New Line Cinema
 - xiv. Fine Line Features
 - xv. Turner Original Productions
 - xvi. CNN Newsroom (Daily news program for classrooms.)
 - xvii. Turner Learning
 - xviii. Turner Adventure Learning
- d. Other related ownership
 - i. Extensive internet operations through AOL and other
 - ii. Turner Network Sales (?)
 - iii. Turner Home Satellite (?)
- 3. Vulcan Owns Charter
 - a. MVPD Programming
 - i. None
 - b. Sports Franchises
 - i. Seattle Seahawks
 - ii. Portland Trailblazers
 - c. MVPD Content Production/Distribution
 - i. DreamWorks SKG (Partial?)
 - ii. Oxygen Media (Partial?)

54.0

	d. Other	related ownership	
	i.	The Rose Garden	
1.	News Corp. –	Also owns share of DirecTV	
	a. MVPI	O Programming	
	i.	Fox News Channel	88.6
	ii.	Fox Movie Channel (FMC)	28.4
		TV Guide	76.7
	iv.	TV Guide Interactive	
	V.	National Geographic Channel	51.9
	vi.	Speed Channel	63.4
	vii.	Fox Sports Net	75.4
	viii.	Fox Sports En Espanol	
		Fox Soccer Channel	20.0
	Χ.	FX	
	xi.	Fuel	
	xii.	Fox Reality	
		TV Games Network (TVG Horse Racing)	
	xiv.	FSN New England (Partial)	
	XV.	FSN Arizona	
	xvi.	FSN Bay Area (40%) (Cablevision)	
		FSN Detroit	
	xviii.	FSN Florida	
	xix.	FSN Midwest	
	XX.	FSN North	
	xxi.	FSN Northwest	
	xxii.	FSN Ohio	
	xxiii.	FSN Pittsburgh	
	xxiv.	FSN Rocky Mountain	
	XXV.	FSN South	
	xxvi.	FSN Southwest	
	xxvii.	FSN West	
	xxviii.	FSN West 2	
	xxix.	Fox College Sports	
	XXX.	SunSports (Formerly Sunshine Network)	
		Phoenix Info News	
	xxxii.	Phoenix North American Chinese Channel	
	xxxiii.	Star One (International)	
	xxxiv.	Star News (International)	
	XXXV.	Vijay (International)	
	b. Sports	Franchises	
		Los Angeles Kings (NHL, 40% option)	
		Los Angeles Lakers (NBA, 9.8% option)	
		Content Production/Distribution	
		20 th Century Fox	
		Fox Searchlight Pictures	
	iii.	Fox Television Studios	

	d. (Other i	Blue Sky Studios related ownership Staples Center (40% owned by Fox/Liberty) 35 Broadcast Stations		
5	Cablevi	sion			
٥.) Programming		
	•••		Rainbow Media Holdings		
			1. AMC		86.4
			2. Fuse		36.8
			3. Independent Film Channel (IFC)		33.6
			4. WE (Women's Entertainment)		55.2
		ii.	Fox Sports Net Bay Area (60%)		
			Fox Sports Net New England (50%)		
			Fox Sports Net New York		
			Fox Sports Net Chicago		
			Madison Square Garden (MSG) Network		
			News 12 Connecticut (75%)		
			News 12 Brooklyn (75%)		
			News 12 Brooklyn (75%) News 12 Hudson Valley (75%)		
			News 12 Industri Variety (75%) News 12 Long Island (75%)		
			News 12 New Jersey (75%)		
			News 12 Traffic and Weather (75%)		
			News 12 Westchester (75%)		
	b. 3		Franchises		
		-	New York Knicks		
		ii.	New York Rangers		
		iii.	New York Liberty		
			Hartford Wolfpack		
	c.]		Content Production/Distribution		
			None		
	d. (related ownership		
		i.	Madison Square Garden		
		11. iii.	Radio City Music Hall		
			Hartford Civic Center		
		IV. V.	iO Digital Cable (?) Optimum TV (?)		
		v. vi.	Optimum Online (?)		
		vi. Vii.	Optimum Voice (?)		
		viii.	Optimum Lightpath (?)		
6	Cox Co	mmiin	ications		
٥.			O Programming		
	u.	ivi v i L	Discovery Channel (25%)	89.4	
		ii.	Discovery Health (25%)	55.6	

;;;	Discovery Vide (259/)	27.6
	Discovery Kids (25%) Science Channel (25%)	37.6 37.3
	Military Channel (Wings) (25%)	36.0
	Discovery HD Theater (25%)	30.0
	Discovery Home (25%)	35.7
	Discovery En Espanol (25%)	33.1
	Discovery Times (25%)	35.7
	The Learning Channel (TLC) (25%)	88.0
	Travel Channel (25%)	77.7
	Animal Planet (25%)	86.4
	FitTV (25%)	35.4
	BBC America (25%)	41.4
	Cox Sports Television	41.4
	Arizona News Channel (50%)	
	News Now 53 (Oklahoma City) (50%)	
	News Now 53 (Tulsa) (50%)	
	News on One (50%)	
	Rhode Island News Channel (50%)	
	iN Demand (15.6%)	
	iN Demand HD1 (15.6%)	
	iN Demand HD2 (15.6%)	
	Music Choice (Partial)	
	Franchises	
	None	
	O Content Production/Distribution	
i.		
	related ownership	
	15 Broadcast TV Stations	
	lications/Advance Newhouse/Bright House	
a. MVPI	O Programming	
1.	Discovery Channel (25%)	89.4
ii.	Discovery Health (25%)	55.6
iii.	Discovery Kids (25%)	37.6
iV.	Science Channel (25%)	37.3
V.	Discovery Times (25%)	35.7
V1.	5	35.7
vii.		36.0
viii.	Discovery HD (25%)	
ix.	Discovery En Espanol (25%)	0.0.0
X.	The Learning Channel (TLC) (25%)	88.0
X1.	Travel Channel (25%)	77.7
xii.	Animal Planet (25%)	86.4
xiii.	FitTV (25%)	35.4
XIV.	BBC America (25%)	41.4
XV.	Bay 9 News	

xvi. Central Florida News 13 (CFN 13)

- b. Sports Franchises
 - i. none
- c. MVPD Content Production/Distribution
 - i. None
- d. Other related ownership
 i. Cable Television Operations with Time Warner

Other Major Program Ownership

8.	The W	alt Disi	ney Company	
	a.	MVPI) Programming	
		i.	ESPN	89.1
		ii.	ESPN2	88.1
		iii.	ESPN Classic	57.5
		iv.	ESPN News	43.2
		v.	ESPN HD	
		vi.	ESPN HD2	
		vii.	ESPN Deportes	
			ESPNU	
		ix.	The History Channel (partial)	87.4
		Χ.		31.1
		xi.	ABC Family	87.7
			Disney Channel	85.1
		xiii.	Toon Disney	47.9
		xiv.		
		XV.	SOAPnet	40.3
		xvi.	Lifetime Network (partial)	88.3
		xvii.	Lifetime Real Women (partial)	
		xviii.	LMN (Lifetime Movie Network)	43.7
		xix.	Biography (partial)	31.4
		XX.	The History Channel (partial)	87.4
		xxi.	History International (partial)	31.1
		xxii.	Military History Channel (partial)	
		xxiii.	History Channel En Espanol	
		xxiv.	A&E (partial)	88.4
		XXV.	E! (partial)	85.6
	b.	Sports	Franchises	
		i.	None	
	c.	MVPI	O Content Production/Distribution	
		i.	Walt Disney Pictures	
		ii.	Touchstone Pictures	
		iii.	Hollywood Pictures	

i. 10 ABC Broadcast Stations 9. Liberty Media a. MVPD Programming i. Court TV (partial) 82.5 ii. Discovery Communications, Inc. (50%) iii. Discovery Channel (50%) 89.4 iv. The Learning Channel (TLC) (50%) 88.0 v. Animal Planet (50%) 86.4 vi. The Travel Channel (50%) 77.7 vii. Discovery Health Channel (50%) 55.6 viii. Discovery Home (50%) 35.7 ix. Discovery Kids (50%) 37.6 x. Discovery Science (50%) 37.3 xi. Discovery Times (50%) 35.7 xii. Military Channel (Wings) (50%) 36.0 xiii. FitTV (50%) 35.4 xiv. BBC America (50%) 41.4 xv. E! Entertainment Television (10%) 85.6 xvi. QVC 87.5 xvii. The Hallmark Channel xviii. People & Arts xix. Europe Showcase xx. Stars Encore Group (100%) 1. Starz! 2. Starz! Cinema 3. Starz! Kids and Family 4. Starz! HD 5. Starz! Comedy 6. Starz! Edge 7. Starz! In Black 8. Encore 9. Encore HD 10. Encore Action 11. Encore Drama 12. Encore Love 13. Encore Mystery 14. Encore WAM! 15. Encore Westerns 56.6 xxi. Game Show Network (50%) (other?) xxii. MoviePlex xxiii. MacNeil/Lehrer Productions (67%)

iv. Miramax Films

vi. Pixar d. Other related ownership

v. Buena Vista Home Entertainment

XX	v. International Channel (90%)	
XX	vi. Jupiter Programming Co. (Japan) (50%)	
	ii. Pramer S.C.A. (Argentina) (100%)	
	ii. The Premium Movie Partnership (Australia) (20%)	
	x. Torneos y Competencias, S.A. (40%)	
	orts Franchises	
1	i. Purchase of Atlanta Braves Pending	
c. MV	PD Content Production/Distribution	
	i. None	
d. Oth	er related ownership	
	i. News Corporation (17%)	
	ii. PRIMEDIA (partial investment)	
i	ii. AOL Time Warner (4%) (2% after Braves deal?)	
	v. Viacom (1%)	
	v. Vivendi Universal (4%)	
	vi. Cablevision S.A. (Argentina) (39%)	
	ii. Chorus Communications Limited (Ireland) (40%)	
	ii. Digital Latin America (43%)	
i	x. Jupiter Telecommunications Co. (Japan) (45%)	
	x. Liberty Cablevision of Puerto Rico, Inc. (100%)	
2	xi. Metropolis-Intercom, S.A. (Chile) (50%)	
X	ii. Sprint PCS Group (20%)	
xi	ii. Telewest Communications plc (UK) (20%)	
	v. The Wireless Group (30%)	
X	v. UnitiedGlobalCom, Inc. (?) (74%)	
X	vi. Liberty Satellite & Technology, Inc. (87%)	
XV	ii. Aerocast.com, Inc. (39%)	
xvi	ii. Astrolink International (27%)	
	x. On Command Corporation (66%)	
X	x. Wildblue Communications, Inc. (32%)	
10 C 1FI	(NDCH : 1(000/)	
	ectric – NBC Universal (80%)	
a. MV	PD Programming	07.1
	i. CNBC	87.1
	ii. CNBC World	22.0
	ii. MSNBC	83.2
]	v. Bravo	73.8
_	v. Mun2TV	042
	vi. Sci-Fi Channel	84.3
	ii. Trio ii. USA Network	007
		88.7
	x. A&E Network (partial)	88.4
	x. History Channel (partial)	87.4
	xi. History International (partial)	31.1
X	ii. History Channel En Espanol (partial)	

xxiv. DMX Music

	xiii. Military History Channel (partial) xiv. Biography (partial) xv. Shop NBC xvii. Sundance Channel (partial) xviii. Weather Plus xviii. i– Independent Television (Formerly PaxTV) (paix. Universal HD xx. Telemundo xxii. Telemundo Puerto Rico	31.5 59.4 20.0 partial)
b.	Sports Franchises i. None	
c.	MVPD Content Production/Distribution i. Universal Pictures 1. Movielink (partial)	
d.	Other related ownership i. NBC Universal (80%) ii. 14 NBC Broadcast Stations iii. 14 Telemundo Broadcast Stations iv. Paxson Communications (30%)	
11. Viveno		
a.	i. Canal+ Group 1. multiThematiques 2. CineCinema 3. Planete 4. Jimmy and the Seasons 5. Sport+ 6. CanalSatellite 7. Ma Planete 8. Extreme Sports Channel 9. NBA+ 10. Pilotime 11. STUDIOCANAL	
	Sports Franchises i. None MVPD Content Production/Distribution	
C.	i. NBC Universal (20%)	
u.	Other related ownership i. None	
12. Viacon	m/CBS	
a.	MVPD Programming i. MTV ii. MTV2 iii. MTV Hits	87.6 54.6

iv	MTV Jams	
	MTV Espanol	
	Nickelodeon	88.6
	Nick at Nite	00.0
	Niktoons	32.5
	Nick Too (Nick2)	32.3
	Nick Gas	25.8
xi.	Noggin/The N	42.5
xii.	BET (Black Entertainment Television)	79.5
xiii.	BET Gospel	
xiv.	BET Hip Hop	
XV.	Bet on Jazz	
xvi.	TV Land	85.0
xvii.	VH1	86.9
	VH1 Classic	35.4
xix.	VH1 Soul	
XX.	VH1 Country	
xxi.	VH UNO	
	Spike TV	88.2
	CMT (Country Music Channel)	76.6
xxiv.	3	86.4
XXV.	Showtime	
	1. Showtime HD	
	2. Showtime Beyond	
	3. Showtime PPV	
	4. Showtime Extreme	
	5. Showtime Family	
	6. Showtime Next	
	7. Showtime Showcase	
	8. Showtime Too	
	9. Showtime Women	
XXV1.	The Movie Channel (TMC) 1. TMC HD	
	2. TMC Xtra	
xxvii.		
	Sundance Channel (partial)	20.0
	LOGO	20.0
	King World	
	CSTV (College Sports TV)	
	The CW (partial)	
	Franchises	
-	None	
	Content Production/Distribution	
	Paramount Pictures	
	1. Movielink (partial)	
ii.	Paramount Home Entertainment	

- d. Other related ownership
 - i. 17 CBS Broadcast Stations
- 13. Sony Corporation
 - a. MVPD Programming
 - i. Game Show Network (50%)
 - ii. AXN
 - iii. Animax Japan
 - iv. SoapCity
 - v. Music Choice (partial)
 - b. Sports Franchises
 - i. None
 - c. MVPD Content Production/Distribution
 - i. Sony Pictures Entertainment
 - ii. Columbia Tristar
 - iii. Sony Picture Classics
 - iv. Screen Gems
 - v. MovieLink (partial)
 - d. Other related ownership
 - i. None

International Operations with some US presence.

- 14. Rodgers Communications (Canadian Operation)
 - a. MVPD Programming
 - i. Rodgers Sportsnet
 - ii. The Shopping Channel
 - iii. OMNI.1
 - iv. OMNI.2
 - v. Viewers Choice Canada (partial)
 - vi. Outdoor Life Network (partial)
 - vii. Tech TV Canada (partial)
 - viii. The Biography Channel Canada (partial)
 - ix. CTV Specialty Television (partial)
 - b. Sports Franchises
 - i. Toronto Blue Jays
 - c. MVPD Content Production/Distribution
 - i. None
 - d. Other related ownership
 - i. None

Attachment A Part 2



Coalition for Competitive Access to Content (CA2C)
Vertical Integration Relevant to Program Access Legislation
Draft of 1990, 1994, 2006 Comparison

The resources for this summary comparison were:

- 1. Matter of Competition, Rate Deregulation and the Commission's Policies Relating to the Provision of Cable Television Service, Report, 5 FCC Rcd 4962 (1990) ("1990 FCC Cable Report").
- 2. Annual Assessment of the Status of Competition in the Market for Delivery of Video Programming, First Report, 9 FCC Rcd 7442 (1994).
- 3. The CA2C 2006 Draft Summary of Vertical Integration

This summary document compares vertical integration from 1990, before the program access rules were passed, 1994, after they were enacted, and the current profile. The CA2C does not present this data in the belief that all relevant data is either here or fully accurate. We do believe that this represents a fair starting point to understand an expanded portrait of the industry structures we are working with and how they have changed over time. We again request that the Commission share this information with the referenced cable companies and other major media conglomerates for their review, validation, correction, and expansion as appropriate. The CA2C would like to see this review process result in an accurate composite picture that all parties will endorse as we continue to work on the relevant policy issues.

Coalition for Competitive Access to Content (CA2C) Vertical Integration Relevant to Program Access Legislation Draft of 1990, 1994, 2006 Comparison

- A "yes" means the programming was subject to vertical integration.
- A "Blank" means the programming was cancelled or we have lost track.
- If there is new ownership not subject to vertical integration the new owner is listed.
- Programming added to the list in 1994 and 2006 may or may not be "new" programming but it has become subject to vertical integration.

Programming Title	<u>Subject to Vertical Integration</u>		
National Networks	<u>1990</u>	<u>1994</u>	<u>2006</u>
Action Pay Per View	yes	yes	
All News Channel	yes	yes	
AMC (American Movie Channel)	yes	yes	yes
BET (Black Entertainment Television)	yes	yes	yes
Bravo	yes	yes	yes
Family Channel	yes	yes	Disney
CNBC (Consumer News and Business Ch.)	yes	GE/NBC	GE/NBC
CNN (Cable News Network)	yes	yes	yes
Cable Value Network	yes		
Cinemax	yes	yes	yes
The Discovery Channel	yes	yes	yes
The Fashion Channel (TFC)	yes		
HBO	yes	yes	yes
Headline News	yes	yes	yes
Lifetime	yes	ind.	Disney
Mind Extension University	yes	yes	
MTV	yes	yes	yes
The Movie Channel	yes	yes	Viacom/CBS
Movietime (Becomes E!)	yes	yes	yes
Nickelodeon	yes	yes	yes
NICK at Nite	yes	yes	yes
The Nostalgia Channel	yes	ind.	
QVC Network	yes	yes	Liberty
Request Television	yes	yes	
Request Television 2	yes	yes	
Shop Television Network	yes		
Showtime	yes	yes	Viacom/CBS

SportsChannel America	yes	?	
SuperStation TBS	yes		yes
TNT (Turner Network Television)	yes	yes yes	yes
The Travel Channel	•	ind.	•
VH-1	yes		yes Viacom/CBS
Viewers Choice 1	yes	yes	v lacolli/CDS
	yes	yes	
Viewers Choice 2	yes	yes	
VISN (Vision Interfaith Satellite Network)	yes	ind.	
iN Demand	yes	yes	yes
Other Major MSO Ownership			
Prevue Guide	yes		
Prime Time Inc. (?)	yes		
Think Entertainment (?)	yes		
Sunshine Network	•		
HA! Comedy Network	yes		
•	yes		
Pacific Sports	yes		
Prime Sports NW	yes		
PPV Network	yes		
American Shopping Channel	yes		
Spotlight (?)	yes		
News 12 Long Island	yes	yes	yes
Prism (?)	yes		
SportsChannel Chicago (FSN)	yes	?	yes
SportsChannel Florida (FSN)	yes	?	yes
SportsChannel Los Angeles	yes	?	yes
SportsChannel New England (FSN)	yes	?	yes
SportsChannel New York (FSN)	yes	?	yes
SportsChannel Ohio (FSN)	yes	?	yes
Z Channel	yes	yes	J
N N . 1D	4	1004	2006
New National Programming Added by 1994	<u>+</u>	<u>1994</u>	<u>2006</u>
Cable Health Network		yes	
Cartoon Network		yes	yes
Comedy Central		yes	Viacom/CBS
Country Music Channel (CMT)		yes	yes
Court TV		yes	yes
Encore		yes	Liberty
Flix!		yes	Viacom/CBS
Gems Television		yes	
Home Shopping Network I		yes	
Home Shopping Network II		yes	
International Channel		yes	
KTVT Dallas		yes	
MTV Latino		yes	yes
NewSport		yes	<i>J</i>
- · · · · · · · · · · · · · · · · · · ·		J ===	

Prime Sports Channel Network	yes	
QVC Fashion Channel	yes	Liberty
Request 3-5	yes	J
Sci-Fi Channel	yes	yes
Television Food Network	yes	Scripts
The Box	yes	•
The Learning Channel	yes	yes
The Nashville Network (TNN)	yes	•
Turner Classic Movies (TCM)	yes	yes
USA Network	yes	GE/NBC
Viewers Choice Continuous Hits 1	yes	
Viewers Choice Continuous Hits 2,3	yes	
Viva Television Network	yes	
Other new programming with vertical integration by 1994		
BET Jazz	yes	Viacom/CBS
Classic Sports Network	yes	
CNN International	yes	yes
Encore/Action	yes	Liberty
Encore/Love Stories	yes	Liberty
Encore/Mystery	yes	Liberty
Encore/Tweens	yes	Liberty
Encore/Westerns	yes	Liberty
Game Net	yes `	Liberty
Home & Garden TV	yes	Scripts
Jones Health Care Channel	yes	
Jones Language Network	yes	
La Candena Deportiva	yes	
Outdoor Life Channel	yes	yes
Product Information Network	yes	
Q2/On Q	yes	
Romance Classics	yes	
Sega Channel	yes	
Showtime Comedy Television	yes	Viacom/CBS
Showtime Family Television	yes	Viacom/CBS
Showtime Film Festival	yes	Viacom/CBS
Showtime Action	yes	Viacom/CBS
Starz!	yes	Liberty
TCI/Bertelsmann Channel	yes	
TCI/Microsoft PC Channel	yes	
Television Shopping mall	yes	

New programming with vertical integration by 2006

Programs with National Distribution

Style	MOG
PBS Kids Sprout	yes
The Golf Channel	yes yes
AZN Television	yes
PBS Kids Sprout	yes
TV One	yes
G4	yes
HBO2	yes
HBO Comedy	yes
HBO Family	yes
HBO Latino	yes
HBO Signature	-
HBO Zone	yes
HBO HD	yes
Cinemax HD	yes
Cinemax Multiplex	yes
Action Max	yes
@Max	yes
5StarMax	yes
MoreMAX	yes
OuterMax	yes
	yes
Thriller Max WMAX	yes
	yes
iN Demand HD2	yes
iN Demand HD2	yes
Music Choice	yes
CNN en Espanol	yes
CNN Airport Network	yes
CNN fn	yes
The WB Television Network	yes
Fox News channel	yes
Fox Movie Channel	yes
TV Guide	yes
FX	yes
Fuel	yes
National Geographic Channel	yes
Speed Channel	yes
Fox Sports Net	yes
Fox Sports En Espanol	yes
Fox College Sports	yes
Fox Soccer Channel	yes
Fox Reality	yes
TV Games Network (TVG Horse Racing)	yes
Fuse	yes
Independent Film Channel (IFC)	yes
WE (Women's Entertainment)	yes

Discovery Health	yes
Discovery Kids	yes
Discovery Science	yes
Discovery Times	yes
Discovery En Espanol	yes
Discovery HD Theatre	yes
Discovery Home	yes
Military Channel	yes
Animal Network	yes
FitTV	yes
BBC America	yes

Programs with Local and Regional Distribution

(It is not clear if the FCC reports from 1990 and 1994 captured all local and regional programming)

Regional Sports Programming

regional oports i rogianining		
Comcast SportsNet Philadelphia		yes
Comcast SportsNet Mid-Atlantic		yes
Comcast SportsNet Chicago		yes
Comcast SportsNet West		yes
Comcast/Charter Sports Southeast		yes
Fox Sports Net New England		yes
Cowboys TV (Dallas)		yes
Bravevision (Atlanta)		yes
Falconvision (Atlanta)		yes
Metro Sports (Kansas City)		yes
FSN Arizona		yes
FSN Bay Area	90?	yes
FSN Detroit		yes
FSN Midwest		yes
FSN North	89?	yes
FSN Northwest	88?	yes
FSN Pittsburg	86?	yes
FSN Rocky Mountain	88?	yes
FSN South	90?	yes
FSN Southwest	83?	yes
FSN West	85?	yes
FSN West 2		yes
SunSports (Formerly Sunshine Sports)		yes
Madison Square Garden (MSG) Network		yes
Cox Sports Television		yes

News Programming Phoenix Info News yes

Comcast Local (Detroit)	yes
New England Cable News	yes
Pittsburgh Cable News	yes
Cable News 9 – Albany New York	yes
New York 1 News (NY1 News)	yes
NYI Noticas	yes
News 10 Now – Syracuse, N.Y.	yes
News 8 Austin	yes
News 14 Carolina (Charlotte)	yes
News 14 Carolina (Raleigh)	yes
R News – Rochester N.Y.	yes
New York 1 News	yes
News 12 Connecticut	yes
News 12 Bronx	yes
News 12 Brooklyn	yes
News 12 Hudson Valley	yes
News 12 New Jersey	yes
News 12 Traffic and Weather	yes
News 12 Westchester	yes
Arizona News Channel	yes
News Now 53 (Oklahoma City)	yes
News Now 53 (Tulsa)	yes
News on One	yes
Rhode Island News	yes
Bay 9 News	yes
Central Florida News	yes
Other Programming	
Turner South	yes
Phoenix North American Chinese Channel	yes
CN8 – The Comcast Network	yes
Comcast Entertainment TV (Denver)	yes